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Understanding the design and implementation of Land Improvement Syndicates (LIS): A transaction costs analysis framework

Authors: Sina Shahab¹ and François-Xavier Viallon²

¹ School of Geography and Planning, Cardiff University, Cardiff, UK

² School of Public Administration, University of Lausanne, Lausanne, Switzerland

E-mail: shahabs@cardiff.ac.uk and francois-xavier.viallon@unil.ch

Land Improvement Syndicates (LIS) are a land policy instrument that have been implemented in Switzerland to incorporate land readjustments, zoning changes, and infrastructure provisions within a single instrument. These instruments address contentious situations, such as disagreements among landowners, inappropriate property subdivisions, problematic allocations of development rights, and the distribution of infrastructure provision costs. LIS re-distribute added land values and costs of land development between landowners in a more equitable manner. While LIS have been in place for several decades, there have been limited studies on institutional aspects of these policy instruments, and particularly their associated transaction costs. In line with the transaction-cost economics theory, this paper considers the activities involved in the formation and execution of LIS as a series of transactions and discusses when and why transaction costs arise throughout the lifecycle of the policy instrument. To this end, this paper uses an LIS case study in the commune of Cheseaux, Canton Vaud. The results of this paper show the variance of transaction costs across time, actor, and activity. Activities such as preparation of the feasibility study and infrastructure provision are among the activities that appear to generate particularly considerable transaction costs. In addition to this, there is evidence of lengthy negotiations surrounding the existing and future land values and redistribution of development rights.

Keywords: Land Improvement Syndicates (LIS), Transaction Costs, Institutional Arrangements, Land Readjustment, Policy Lifecycle.